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Merry-Go-Round

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Yesterday the Washington Merry-Go-Round revealed how, through war risk insurance on shipping, the United States was supplying the axis with large sums of money and vital military information on the movement of cargoes.

Here is another disclosure of how one American pharmaceutical company alone last year poured $2,235,000 into foreign exchange channels readily accessible to the Nazis.

The firm is the Schering Corporation of Bloomfield, N. J., manufacturers of highly complex biologicals and serums used by physicians throughout the world. One of these products is antishock serum, an essential for the Army Medical Corps. Justice Department sleuths, tracking down sources of German revenue in this country, have disclosed these interesting facts:

Up to 1936 the Schering firm was German-owned. But in 1936 the stock held by Germans was sold to a Swiss banking corporation known as Chefa, which now holds large interests in Schering companies throughout the globe. Justice agents are investigating reports that Chefa is German-controlled.

When the stock transfer took place, New Jersey Schering entered into an agreement with the parent Schering company in Germany not to engage in the export business anywhere in the world. It promised to confine its operations solely to the United States, leaving the German concern and its subsidiaries a completely free hand in other markets.

Blockade "Conditions"

Then came the war and the British blockade. The parent Schering firm in Germany no longer could ship its medicines to South America. So the New Jersey company was given "permission" to move into this field—but only on three conditions. These were as follows:

1. That the U. S. firm deal only through agents of the parent Schering firm in South America.
2. That all labels be printed so that the packages and trade marks exactly resemble those formerly supplied from Germany.
3. That the profits of this business be split, the lion's share going to the Swiss holding company.

As a result, New Jersey Schering, with a total capitalization of less than $500,000, last year turned over a net profit of $2,235,000 to Chefa.

Note—Key man in the Justice Department's war industries investigation is Edward P. Hodges, brilliant young anti-trust attorney who will shortly publish his first book, "The Supreme Court and Section One of the Sherman Act."